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MCLAREN INTERNATIONAL LTD

v.

LIM YAT MEEN

B

COURT OF APPEAL, PUTRAJAYA
SURIYADI HALIM OMAR JCA
ABDULL HAMID EMBONG JCA
VINCENT NG JCA
[CIVIL APPEAL NO: W-02-205-2005]

C

1 NOVEMBER 2007

TRADE MARKS: *Registered trade mark - Application for expungement - Trade mark identical with registered trade mark overseas - Whether there was use of trade mark in Malaysia prior to registration - Whether*

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trade mark was offensive, caused confusion and in breach of any law - Whether registration after seven years conclusive - Whether legal entities granted right to use trade mark should be registered - Trade Marks Act 1976, ss. 14, 37, 45, 46, 48

E

TRADE MARKS: *Registered trade mark - Application for expungement - Whether applicant an aggrieved person*

This was the appellant's appeal against the dismissal of its application by the learned judge to expunge the respondent's registered trademark "MCLAREN" ('the said trade mark') under

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ss. 14, 25, 45 and/or 46(1) of the Trade Marks Act 1976 ('the Act') on the grounds that the said trade mark was identical with the appellant's registered trade mark overseas.

Held (dismissing the appeal):

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Per Suriyadi Halim Omar JCA delivering the judgment of the court:

(1) The respondent had registered the said trade mark in 1992. If the Registrar of Trade Marks had discovered something

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untoward about the registration, the respondent's registration would have failed. The appellant only knew of the respondent's prior right when it went to have the said trade mark registered in Malaysia. Neither knew of each other's existence. Also, there was no use of the said trade mark in

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Malaysia prior to the respondent's registration in 1992.

Furthermore, the appellant was in the business of fast cars whilst the respondent was in the business of shoes and slippers. Hence, they never crossed each others line. (para 14)

(2) Even if the respondent had appropriated the appellant's trade mark knowingly when filing the trade mark in 1992, that move broke no law. So long as the appellant had not used it prior to the respondent's registration, the respondent had every right to act as he did. There was no necessity for the respondent to do the impracticable like scouring the globe and enquiring from those carrying that name or trade name whether they intended to come to Malaysia and register the mark here. A faultless respondent need not have to step aside and fold up his business merely because some foreign company had made radical demands on the Registrar of Trade Marks. (para 15)

(3) From the aspect of losses, the appellant's loss would be speculative as it had yet to set up any business here which in all probability would also be different from the respondent's business. The probability of loss would be very minimal. (para 16)

(4) Section 14 of the Act prohibits the registration of a mark or part of a mark if the use of it is likely to deceive or cause confusion to the public, be contrary to law, be beyond protection of law for it being intrinsically scandalous or offensive or prejudicial to the interest or security of the nation. The court was satisfied that evidentially at the material time nobody could have fallen prey to any confusion as there was no other mark carrying that name on the local scene. It was a mark that carried no offensive meaning and had not breached any law. (para 19)

(5) Under s. 37 of the Act, in all legal proceedings relating to a trade mark registration (including applications under s. 45), the original registration of the trade mark under the Act shall, after the expiration of seven years from the date thereof, be taken to be valid in all respects unless it is shown that the original registration is obtained by fraud, the trade mark offends s. 14, or that the trade mark is not at the commencement of the proceedings, distinctive of the goods or service of the registered proprietor. In the present case, as the appellant had not established any of the invalidation elements the registration after seven years must be conclusive. (para 20)

(6) The best approach to arrive at a correct decision whether an applicant is an aggrieved person is by bringing all the available evidence before the judge, rather than debating whether the terminology of "an aggrieved person" should be given a wide or restricted interpretation. It followed that based on the agreed facts and evidence, the appellant did not qualify as an aggrieved person and hence had no *locus standi* to initiate the action, be it pursuant to ss. 45 or 46 of the Act. (para 21)

(7) On whether the two legal entities, granted the contractual right to use the trade mark by the respondent, should have been registered as trade mark users by virtue of s. 48(1) of the Act, the word "may" in s. 48(1) was permissive rather than mandatory. Nothing in that provision supported the view that the failure to enter the two legal entities as registered users resulted in avoiding the contract. The nexus and legality of the contract between the respondent and the two legal entities were sufficiently documented. In a similar vein the respondent had also provided the nexus between the two legal entities and the only two departmental stores selling the respondent's products carrying the said trade mark. (paras 22, 28 & 29)

Bahasa Malaysia *Translation Of Headnotes*

Ini adalah rayuan perayu terhadap keputusan yang arif hakim kerana menolak permohonannya untuk membuang cap dagang berdaftar responden yang bernama "MCLAREN" ('cap dagang tersebut') di bawah ss. 14, 25, 45 dan/atau 46(1) Akta Cap Dagang 1976 ('Akta') atas alasan bahawa cap dagang tersebut adalah sama dengan cap dagang berdaftar perayu di luar negara.

Diputuskan (menolak rayuan)
Oleh Suriyadi Halim Omar HMR menyampaikan penghakiman mahkamah:

(1) Responden telah mendaftar cap dagang tersebut pada tahun 1992. Jika Pendaftar Cap Dagang mendapati terdapat sesuatu yang tidak kena dengannya, pendaftaran responden tentunya tidak akan berjaya. Perayu hanya mengetahui tentang hak terdahulu responden apabila ia cuba mendaftarkan cap dagang tersebut di Malaysia. Namun, kedua-dua pihak tidak mengetahui tentang kewujudan mereka masing-masing. Cap dagang tersebut juga tidak digunakan di Malaysia sebelum ia

didaftarkan oleh responden pada tahun 1992. Selain itu, perayu menceburi perniagaan kereta laju sementara responden berada dalam perniagaan kasut dan slipar. Oleh itu, liku-liku yang dilalui mereka tidak bertembung.

(2) Jikapun responden telah mengambil cap dagang perayu dengan pengetahuan ketika memfailkan cap dagang pada tahun 1992, ia tidak melanggar mana-mana undang-undang. Selagi perayu belum menggunakannya ketika ia didaftarkan oleh responden, maka responden berhak untuk melakukan apa yang dilakukannya. Tiada keperluan untuk responden melakukan sesuatu yang mustahil, seperti mengelilingi dunia dan bertanya kepada mereka yang memiliki nama atau nama dagangan tersebut sama ada mereka berhasrat untuk datang ke Malaysia dan mendaftarkan cap itu di sini. Adalah tidak perlu bagi responden yang tidak bersalah untuk beredar ketepi dan menutup perniagaannya semata-mata kerana sebuah syarikat asing telah membuat suatu tuntutan yang radikal ke atas Pendaftar Cap Dagang.

(3) Dari aspek kerugian, kerugian perayu adalah sesuatu yang spekulatif, memandangkan ia masih belum memulakan perniagaan di sini, perniagaan mana, walau apapun, berkemungkinan berbeza dengan perniagaan responden. Oleh itu, kemungkinan kerugian adalah amat minimal.

(4) Seksyen 14 Akta melarang pendaftaran cap atau sebahagian dari cap jika penggunaannya boleh mengelirukan atau menyebabkan kekeliruan kepada orang ramai, menyalahi undang-undang atau tidak dilindungi oleh undang-undang disebabkan sifat berskandalnya atau yang melanggar atau memprejudis kepentingan atau keselamatan negara. Berdasarkan keterangan, mahkamah berpuashati bahawa pada waktu material tiada siapapun akan menjadi mangsa sebarang kekeliruan kerana tiada cap lain yang membawa nama berkenaan di pasaran tempatan. Ia adalah cap yang tidak membawa apa-apa maksud ofensif dan tidak melanggar mana-mana undang-undang.

(5) Di bawah s. 37 Akta, dalam semua prosiding yang menyentuhi pendaftaran cap dagang (termasuk permohonan-permohonan di bawah s. 45), pendaftaran asal cap dagang di bawah Akta hendaklah, selepas tujuh tahun berlalu dari tarikh tersebut, dianggap sebagai sah dari semua aspeknya kecuali jika

ditunjukkan bahawa pendaftaran asalnya diperolehi melalui fraud dan cap dagang itu melanggari s. 14, ataupun cap dagang pada waktu prosiding dimulakan bukan suatu barangan yang distinktif dan tidak menunjukkan perkhidmatan pemilik berdaftarnya yang distinktif. Dalam kes semasa, oleh kerana perayu gagal membuktikan mana-mana elemen ketaksahan tersebut, maka pendaftarannya selepas 7 tahun adalah konklusif.

(6) Pendekatan terbaik bagi mencapai keputusan yang betul sama ada seorang pemohon itu adalah orang yang terkilan adalah dengan mengemukakan semua keterangan yang ada di hadapan hakim, dan bukannya dengan memperdebat sama ada terminologi "orang yang terkilan" perlu diberikan interpretasi yang luas ataupun sempit. Ianya mengikut bahawa berdasarkan fakta dan keterangan yang dipersetujui, perayu tidak melayakkan diri sebagai orang yang terkilan dan kerana itu tidak mempunyai *locus standi* untuk memulakan tindakan, sama ada di bawah ss. 45 atau 46 Akta.

(7) Berkaitan sama ada kedua-dua entiti undang-undang, setelah diberi hak kontraktual oleh responden untuk menggunakan cap dagang, harus didaftar sebagai pengguna cap dagang disebabkan oleh s. 48(1) Akta, perkataan "boleh" di dalam s. 48(1) adalah bersifat permisif dan tidak mandatori. Tiada apapun di dalam peruntukan itu yang boleh menyokong pandangan bahawa kegagalan menamakan kedua-dua entiti undang-undang tersebut sebagai pengguna-pengguna berdaftar akan menyebabkan kontrak menjadi terelak. Nexus serta kesahan kontrak di antara responden dan kedua-dua entiti undang-undang tersebut telah didokumenkan dengan secukupnya. Begitu juga, responden telah mewujudkan nexus di antara dua entiti undang-undang tersebut dengan dua gedung perniagaan yang menjual produk-produk responden yang membawa cap dagang tersebut.

Case(s) referred to:

Bostitch Trade Mark [1963] RPC 183 ***(refd)***

British Petroleum Co Ltd v. European Petroleum Distributors Ltd [1968] RPC 54 ***(refd)***

Fazaruddin Ibrahim v. Parkson Corporation Sdn Bhd [1997] 2 CLJ 863 HC ***(refd)***

Lim Yew Sing v. Hummel International Sports & Leisure A/S [1996] 4 CLJ 784 CA ***(refd)***

Rainforest Coffee Products Ltd v. Rainforest Café, Inc [2000] 2 SLR 549 ***(refd)***
Re Arnold D Palmer [1987] 2 MLJ 681 ***(refd)***
Service Master (M) Sdn Bhd v. MHL Service Master Sdn Bhd [1998] 1 CLJ 459 HC ***(refd)***

Legislation referred to:
Rules of the High Court 1980, O. 87 r. 2
Trade Marks Act 1976, ss. 14, 25, 37, 45, 46(1)(a), (b), 48

Trade Marks Act 1938 [UK], s. 28

For the appellant - SF Wong (Vasanthi Rasathhurai with him); M/s Shearn Delamore & Co
For the respondent - Suaran Singh; M/s Sekhar & Suaran

Reported by Usha Thiagarajah

JUDGMENT

Suriyadi Halim Omar JCA:

[1] This appeal emanated from the High Court as a consequence of the dismissal of the applicant's application (hereinafter referred to as the appellant) with costs by the learned judge. After a lengthy hearing this panel had dismissed it with costs. The prayers in the abovementioned application *inter alia* read as follows:

> (1) that the entry in Part A of the Register of Trade Marks in relation to trademark registration no. 92/02266 for "MCLAREN" in class 25 in respect of "articles of clothing including boots, shoes and slippers, all included in class 25" ("the said trade mark registration") be removed and expunged from the Register of Trade Marks pursuant to sections 14, 25, 45 and/or 46(1) of the Trade Marks Act 1976;
>
> (2) in the event that prayer (1) above is granted by this Honourable Court, the Register of Trade Marks be rectified and/or corrected by removing the respondent as the registered proprietor of the said trade mark registration from the Register of Trade Marks;

A (3) in the event that prayers (1) and (2) are granted by this Honourable Court, the Registrar of Trade Marks be directed to remove and/or strike off the respondent as the registered proprietor of the said trade mark registration and/or the said trade mark registration be removed and expunged from the Register of
B Trade Marks;

(4) alternatively, that the entry in Part A of the Register of Trade Marks in relation to the said trade mark registration be amended or varied by partially cancelling the goods "articles of clothing, including" pursuant to section 46(1) of the Trade Marks Act
C 1976;

(5) in the event that prayer (4) above is granted by this Honourable Court, the Registrar of Trade Marks be directed to amend and vary the said trade mark registration so as to cancel the description of goods "articles of clothing, including" from the
D said trade mark registration …

[2] The grounds alluded to by the appellant were, that:

(a) "the said trade mark registration ought to be removed or expunged from the Register of Trade Marks or varied pursuant
E to section 14 of the Trade Marks Act 1976 as the said trade mark is identical with the applicant's mark and use thereof in respect of articles of clothing, boots, shoes and slippers would cause or is likely to cause confusion or deception amongst the trade and public and the said mark is therefore an entry which
F was entered without sufficient cause or wrongfully remaining on the Register by virtue of section 45 of the Trade Marks Act 1976;

(b) the said trade mark registration ought to be removed or expunged from the Register of Trade Marks or varied pursuant
G to section 25 of the Trade Marks Act 1976 as the respondent is not the lawful proprietor of the said trade mark and the said mark is therefore an entry which was entered without sufficient cause or wrongfully remaining on the Register by virtue of section 45 of the Trade Marks Act 1976;

H (c) the said trade mark registration ought to be removed or expunged from the Register of Trade Marks or varied pursuant to section 46(1)(a) of the Trade Marks Act 1976 as the respondent has registered the said mark without an intention in good faith on its part to use the said mark in relation to the
I goods registered, and that there has in fact been no use in good faith of the said mark in relation to those goods by the Respondent up to the date of 1 month before the date of this application filed herein;

(d) the said trade mark registration ought to be removed or expunged from the Register of Trade Marks or varied pursuant to section 46(1)(b) of the Trade Marks Act 1976, the respondent has not used the said mark for a continuous period of not less than 3 years and during which period there was no use in good faith of the said mark in relation to the goods registered by the respondent.

[3] The appellant's affidavit highlighted that it was a company organized and existing under the laws of England with a registered office and place of business at Woking Business Park, Albert Drive, Woking, Surrey GU21 5 JY, England. It is still the proprietor of the mark "McLaren" overseas and had filed for a trade mark application under no. 99/07641 on August 1999 in relation to "articles of clothing, footwear and headgear". It was admitted that prior to 1999, and even now, the appellant is without that trade mark registered in Malaysia. The mark "McLaren" was ventilated by the appellant as having been associated with the Formula 1 race of which the McLaren team is well-known worldwide, including Malaysia. The appellant had also affirmed that it verily believed that the "McLaren" mark was known to the Malaysian public long before the Sepang Fl circuit was established by virtue of the various sports programmes and telecast of the races on Malaysian television. It further affirmed that the McLaren team had been participating in the Formula 1 race for 37 years and that there were many supporters of the McLaren team in here. By virtue of the appellant's reputation and goodwill subsisting in the "McLaren" mark, and use thereof in Malaysia, the respondent's continued registration of the said mark would seriously jeopardize the appellant's rights and interests in the exploitation of its "McLaren" mark. The appellant only knew about the respondent's impugned mark when it was cited in objection by the Registrar of Trade Marks in 2001. Admittedly from its own investigations it found that the respondent had only used the mark in Kuala Lumpur in respect of shoes and sandals. After 10 years of registration the products carrying that mark was only offered for sale in two departmental stores namely Isetan and Tangs.

[4] It is common ground that the respondent is the registered trade mark owner of "MCLAREN" in Malaysia under a valid and subsisting Certificate of Registration ie, trade mark No. 92/02266. It was applied for registration on 11 April 1992 and the said Certificate of Registration of Trade Mark was duly issued on or

A around 19 October 1995. That trade mark according to the respondent was for use in the course of trade *inter alia* the footwear industry. He had further affirmed that he had been involved indirectly in the footwear industry since establishing an advertising company with his wife in an advertising company,
B which handled the designing of shoe boxes, and the printing and production of promotional materials for other footwear manufacturers. Thereafter in 1992, he had decided to venture into the footwear industry and to trade in his own range of footwear and other related products. He had created and coined the word
C "MCLAREN" independently to be used in respect of footwear for men in 1992. He had averred that he had derived inspiration for the said trade mark from the men's footwear range after combining the brand of men's footwear under the "LARRIE" brand with the international advertising agency carrying the name "McCann-
D Erikson".

[5] The respondent had averred that he was not aware of the appellant or its purported ownership of the mark "McLaren" when coining the brand "MCLAREN" for his range of executive men's
E shoes in 1992. To him it was a unique and masculine-sounding brand for men's apparel and footwear. After ascertaining that there was a market for executive men's shoes in Malaysia, he launched the "MCLAREN" men's shoe range in Kelantan in or around 1999 and later adding Kuala Lumpur as his subsequent
F outlet. Being the lawful owner of the "MCLAREN' trade mark in Malaysia, shoes bearing that trade mark were contract-manufactured by Stone Fly Enterprise and United Summary Sdn. Bhd, pursuant to his orders.

G **[6]** In his affidavit the respondent had stated that when he applied for registration of the "MCLAREN" trade mark the word "McLaren" was virtually unheard of to the general Malaysian public even in connection with F1 racing, with no broadcast of F1 races in Malaysia on or prior to 1993, and hence was not
H associated in the minds of the Malaysian public with any product. It was and still an unusual trade mark in relation to footwear.

Reasons For The Dismissal

[7] Having perused the originating motion, which was properly
I filed as demanded by O. 87 r. 2 of the High Court Rules 1980, the intitulment spelled out ss. 45 and 46(1) of the Trade Marks Act 1976, as the foundation of the application. In a nutshell, the

appellant wanted the respondent's trade mark be wholly expunged from the register or the scope of the trade mark curtailed. To establish its case the appellant had inevitably adverted to ss. 14 and 25 of the Trade Marks Act 1976.

[8] But first let us have sight of ss. 45 and 46 of the Trade Marks Act 1976, and identify a common ingredient or denominator legislated in them. They read:

Rectification of the Register

45(1) Subject to the provisions of this Act:

(a) the Court may on the application in the prescribed manner of **any person aggrieved** by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as if thinks fit;

(b) the Court may in any proceeding under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the Register;

(c) in case of fraud in the registration, assignment or transmission of a registered trade mark or if in his opinion it is in the public interest to do so, the Registrar may himself apply to the Court under this section;

(d) an order of the Court rectifying the Register shall direct that notice of the rectification be served on the Registrar in the prescribed manner and the Registrar shall upon receipt of the notice rectify the Register accordingly (emphasis added).

[9] Section 46 reads:

Provisions as to non-use of trade mark

46(1) Subject to this section and to section 57, the Court may, on application by a person aggrieved, order a trade mark to be removed from the Register in respect of any of the goods services in respect of which it is registered on the ground - (a) that the trade mark was registered without an intention in good faith, on the part of the applicant for registration or, if it was registered under subsection (1) of section 26, on the part of the body corporate or registered user concerned, to use the trade mark in relation to those goods or services and that there has in

A fact been no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being up to the date one month before the date of the application; or

B (b) that up to one month before the date of the application a continuous period of not less than three years had elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being.

C **[10]** As s. 25 was mentioned in the first prayer and the supporting second ground I herewith reproduce it for easy reference. It reads as follows:

Registration

D 25.(1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him may make application to the Registrar for the registration of that mark in the Register in the prescribed manner.

E (2) An application shall not be made in respect of goods or services comprised in more than one class.

(3) Subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or subject to such conditions, amendments, modifications or limitations, if any,
F as he may think right to impose.

(4) In the case of refusal or conditional acceptance the Registrar shall, if required by the applicant, state in writing the grounds of his decision and the material used by him in arriving
G at the same.

(5) A decision of the Registrar under subsection (3) is subject to appeal to the Court.

(6) An appeal under this section shall be made in the prescribed manner and the Court shall, if required, hear the
H applicant and the Registrar, and shall make an order determining whether, and subject to what conditions, amendments, modifications or limitations, if any, the application is to be accepted.

I (7) ...

> Scrutinising the above provisions of sections 45 and 46, the obvious common ingredient found in them, before an applicant has the *locus standi* to take up such form of action, is that he must be **a person aggrieved**. Unless that *locus standi* is established, either prayer of expunging the trade mark from the register totally, or merely varying it in part, must fail.

[11] In order to establish that *locus standi* the appellant began by submitting that the mere failure of filing its application in 1999, *prima facie*, qualified it as an aggrieved person. In support of this simplistic approach, learned counsel for the appellant had sought the assistance of *Fazaruddin bin Ibrahim v. Parkson Sdn Corp* [1997] 2 CLJ 863. At p. 870 the court had remarked:

> The phrase person aggrieved in section 45(1)(a) of the Act should be construed liberally. In my judgment, it includes any person whose own application for registration is obstructed by the opposing party in the suit and extends to any person who is alleged to have infringed the registration.

[12] From that liberal approach the appellant then quoted *Service Master (M) Sdn Bhd v. MHL Service Master Sdn Bhd* [1998] 1 CLJ 459, which was in conflict with this approach where the learned judge had said:

> The persons who are aggrieved are all persons who are in some way or other substantially interested in having the mark removed, and where it is a question of removal from the Register, this would include all persons who would be substantially damaged if the mark remained. The grievance of the applicant must be substantial and not a mere fanciful suggestion …
>
> … The only reason given by the plaintiff that it is an aggrieved person is that it is trading with the name Service Master. In *Besalon International Ltd & Ors v. South Strong Industries Sdn Bhd* [1997] 2 MLJ 131 I said at p 145:
>
> Anyone who can show he is in some way prejudiced by the wrongful entry qualifies as a person aggrieved. This can include, but is not limited to a person who is carrying on trade in the same sort of goods as the articles for which the article is registered … The words 'person aggrieved' or 'prejudicially affected' have been given a wide interpretation including all persons who have a real practical interest in the issue. This does not necessarily equate with manufacturing rights so long as the plaintiff can show that it has a real practical or genuine interest beyond that of a mere busybody: see *Re Kodiak Trade* [1987] RPC 269.

[13] Needless to say the first case approached the matter in a rather liberal and simplistic approach whilst the other demanded very strict preconditions in the like of "substantial grievance" before qualifying. As regards the former approach Chan Sek Keong JC in *Re Arnold D. Palmer* [1987] 2 MLJ 681 had this view:

> … it cannot be right, in principle, that the mere filing of his application can confer the necessary *locus standi* on the applicant for the purpose of rectifying proceedings. (emphasis added)

[14] Regardless of the difference in approach the learned judge did say in *Service Master (M) Sdn Bhd (supra)* that an aggrieved person must show that he is in some way prejudiced by the wrongful entry. Let us revisit the antecedents of this case to find that ingredient:

i. the respondent had, way back in 1992, registered the impugned trade mark;

ii. if the Registrar of Trade Marks had discovered something untoward about that registration surely the respondent's registration would have failed;

iii. the appellant only came to know of the respondent's prior right sometime in 1999, about the time when Malaysia saw the "F1" races grace the shores of Malaysia, when it went to the Trade Mark registry to have the 'McLaren' name registered;

iv. in a word neither knew of each others existence;

v. prior to the 'McLaren' name was registered in 1992 in Malaysia that mark was never used here; and

vi. the appellant was in the business of fast lanes and fast cars whilst the respondent in the mundane business of shoes and slippers and hence never crossed each others line.

[15] To add to the above list, it must be understood that even if the respondent had appropriated the appellant's mark knowingly when filing the trade mark in 1992, that move broke no law. So long as the appellant had yet to use it here prior to the respondent's registration he had every right to act as he did. There was no necessity for the respondent to do the impracticable like scouring the globe and enquiring from those carrying that name or

trade name whether they intended to come to Malaysia and register the mark here. A faultless respondent need not have to step aside and fold up his business, merely because some foreign company had made radical demands on the Registrar of Trade Mark. In *Lim Yew Sing v. Hummel International Sports & Leisure A/S* [1996] 4 CLJ 784 at p. 790 Mahadev Shankar, JCA had said:

> Trade mark law is very territorial in many aspects. So it will be useful to keep in the forefront of our minds that however distasteful it may be for a trader in one country to appropriate the mark of a foreign trader who is using that mark in a foreign country there is nothing unlawful under the Trade Marks Act for a Malaysian trader to become the registered proprietor of a foreign mark used for similar foreign goods provided that the foreign mark has not been used at all in Malaysia.

[16] From the aspect of losses, the appellant's loss would be speculative, as it has yet to set up any business here, which in all probability would also be different to that of the respondent's footwear business. The probability of loss would certainly be very minimal. By analogy, to restate Chan Sek Keong JC in *Re Arnold D. Palmer (supra)*, "The registration of *a trade mark* in the name of a proprietor, once effected *ought not to be disturbed by persons who have no trading interest in the goods concerned. If an applicant for rectification has no such interest to begin with, and therefore cannot suffer any damage* at all by the existence of a conflicting trade mark on the register … (emphasis added)

[17] To the credit of the appellant, it had taken the additional step of adverting to s. 14 to establish that it was an aggrieved person, and had not merely depended on the existence of a failed application to establish its *locus standi.*

[18] Section 14 reads as follows:

> **Prohibition on registration**
>
> 14(1) A mark or part of a mark shall not be registered as a trade mark:
>
> (a) if the use of which is likely to deceive or cause confusion to the public or would be contrary to law;
>
> (b) if it contains or comprises any scandalous or offensive matter or would otherwise not be entitled to protection by any court of law; or

A (c) if it contains a matter which in the opinion of the Registrar is or might be prejudicial to the interest or security of the nation;

(d) …

B **[19]** Section 14, in brief, prohibits the registration of a mark or part of a mark if the use of it is likely to deceive or cause confusion to the public, be contrary to law, be beyond protection of law for it being intrinsically scandalous or offensive, or prejudicial to the interest or security of the nation. Despite this stringent test C the respondent had passed the test and was successful in registering his mark in 1992. We were satisfied that evidentially at that material time nobody could have fallen prey to any confusion as there was no other mark carrying that name on the local scene. It was a mark that carried no offensive meaning and had not D breached any law. To top it that mark had stood the test of time for no less than seven years before the appellant made its appearance.

[20] Under s. 37 of the Trade Mark Act, in all legal proceedings E relating to a trade mark registered in the Register (including applications under s. 45) the original registration of the trademark under the Act shall, after the expiration of seven years from the date thereof, be taken to be valid in all respects unless it is shown that the original registration was obtained by fraud, or that the F trade mark offends against s. 14, or that the trade mark was not at the commencement of the proceedings, distinctive of the goods or service of the registered proprietor. As the appellant had not established any of the invalidation elements the registration after seven years must be conclusive.

G **[21]** From the above prognosis, surely the best approach to arrive at a correct decision whether an applicant is an aggrieved person is by bringing all the available evidence to bear before the judge, rather than debating whether the terminology of "an aggrieved H person" should be given a wide or restricted interpretation. By this method, irrespective of the scope of the two words, the learned judge will be able to arrive at a more meaningful decision. Despite the valiant attempt by the appellant, regretfully after having weighed all the agreed facts and evidence, we decided that it did I not qualify as an aggrieved person and hence had no *locus standi* to initiate the action, be it pursuant to ss. 45 or 46 of the Trade Marks Act 1976.

[22] The matter could be put to rest without further ado if not for a rather thought provoking argument aired in the course of the appeal. The appellant had opined that, even though the respondent had contended that the executive shoes were contract manufactured to 2 companies, namely, Stonefly Enterprise and United Summary Sdn Bhd, this mode of business was statutorily not in order. The appellant had ventilated that the trade mark at all times had still remained registered in the name of the respondent and never registered in the names of the above 2 legal entities. It had argued that the only way by which a person, other than the registered proprietor, could use the mark was *via* the mode mandated by s. 48 of the Trade Marks Act 1976 ie, by registering the 2 entities as trade mark users. This provision reads:

> 48(1) Subject to the provisions of this section, where the registered proprietor of a trade mark grants, by lawful contract, a right to any person to use the trade mark for all or any of the goods or services in respect of which the trade mark is registered, that person may be entered on the Register as a registered user of the said trade mark whether with or without any conditions or restrictions, provided that it shall be a condition of any such registration that the registered proprietor shall retain and exercise control over the use of the trade mark and over the quality of the goods or services provided by the registered user in connection with that trade mark
>
> (2) Where it is proposed that a person shall be registered as a registered user of a trade mark, the registered proprietor shall submit an application to the Registrar for the registration of that person as a registered user of the trade mark and such application shall be accompanied by the prescribed fee and the following information:
>
> (a) the representation of the registered trade mark;
>
> (b) the names, addresses, and addresses for service of the parties;
>
> (c) the goods or services in respect of which the registration is proposed;
>
> (d) any conditions or restrictions proposed with respect to the characteristics of the goods or services, the mode or place of permitted use or to any other matter; and

A (e) whether the permitted use is to be for a period or without limit of period, and if for a period, the duration of that period.

(3) …

B **[23]** The appellant had submitted that in the circumstances of the case, in relation to registered users, the term "may" in the phrase of "may be entered on the Register as a registered user of the said trade mark" was mandatory and not necessarily discretionary. It had submitted that there was no evidence to show that either C United Summary Sdn Bhd or Stonefly Enterprise was assigned the respondent's trade mark or that they were registered users. In the absence of such proof of assignment or evidence of the 2 entities being registered users, the respondent thus had failed to deliver; and with the trade mark still in the name of the respondent, a D statutory requirement had been breached.

[24] To resolve this issue, it is necessary that I reproduce s. 28 of the English Trade Marks Act 1938 and thereafter make comparisons with the above s. 48 of the Malaysian Trade Marks E Act 1976.

28 Registered users

(1) Subject to the provisions of this section, a person other than the proprietor of a trade mark **may be registered as a registered** F **user** thereof in respect of all or any of the goods in respect of which it is registered (otherwise than as a defensive trade mark) and either with or without conditions or restrictions.

The use of a trade mark by a registered user thereof in relation to goods with which he is connected in the course of trade and G in respect of which for the time being the trade mark remains registered and he is registered as a registered user, being use such as to comply with any conditions or restrictions to which his registration is subject, is in this Act referred to as the "permitted use" thereof.

H (2) The permitted use of a trade mark shall be deemed to be use by the proprietor thereof, and shall be deemed not to be use by a person other than the proprietor, for the purposes of section twenty-six of this Act and for any other purpose for which such use is material under this Act or at common law.

I (3) …

[25] The words of these two provisions are not in exact *pari materia* but by analogy the spirit and contents are similar, with them relating to the registration of a user. Similar to s. 48 of the Malaysian Trade Marks Act 1976, the word in s. 28 of the British Trade Marks Act 1938, likewise reads "may" as seen in the phrase of "may be registered as a registered user". Having sifted the relevant authorities, the British courts have come out strongly that the word "may" is permissible rather than mandatory, as suggested by the appellant's counsel. In *Bostitch Trade Mark* [1963] RPC 183 the court at 195 had remarked:

> Both parties appear to have misconceived the provisions of s. 28, for this is not a mandatory but a permissive section and cannot fairly be construed to provide a protective cover for any trade mark use which would otherwise be deceptive or confusing … There is nothing anywhere in this section to justify the view that an arrangement between a registered proprietor of a trade mark and a party concerned to use such mark requires to be registered, still less that in the absence of registration, its effect upon the validity of the mark, if called in question, will be in any way different.

[26] In *British Petroleum Co. Ltd. v. European Petroleum Distributors Ltd* [1968] RPC 54 when following the above case had stated:

> Given that the petrol is in fact sold under these conditions, it appears to me to make no difference from the point of view of deceptiveness of user whether B.P. & Shell-Mex are registered users or are operating under an unregistered licence. Consequently, so far as I can see, the fact that for some time they were not registered users of the last mark is irrelevant. I would add that the view of the effect of section 28 which the defendants were submitting on this branch of the case was admittedly in conflict with the view expressed by Lloyd-Jacob, J in *Bostitch Trade Mark* [1963] RPC 183 at 195 with which for my part I entirely concur. (See also *G.E Tade Mark* [1970] RPC 339; *Molyslip Trade Mark* [1978] RPC 211)

[27] Nearer to home in *Rainforest Coffee Products Ltd v. Rainforest Café, Inc* [2000] 2 SLR 549 the Singapore Court of Appeal likewise accepted the view of *Bostitch TM* and held that registration of a registered user was merely permissive and not mandatory.

[28] It was our eventual view likewise that the "may" in s. 48 of the Trade Marks Act 1976 was permissive rather than mandatory. Nothing in that provision supports the view that the failure to enter into the Register United Summary Sdn Bhd and Stonefly Enterprise as registered users, after having been granted lawful contracts of the right to use the trade mark by the respondent, would end up avoiding the contract. The nexus and legality of the contract between the respondent and the 2 legal entities, as per exhibits in the likes of LYM8 and LYM9, were sufficiently documented (See also the respondent's affidavit at para. 13 of p. 109 Jilid 2). In similar vein the respondent had also provided the nexus between United Summary Sdn Bhd and Stonefly (also admitted by the appellant at p. 21 of its written submission) and the two departmental stores, namely Tangs and Isetan. What was most damaging for the appellant was a report tendered by the appellant prepared by "Shearn and Delamore & Co" ie, its very own investigator. Part of the report reads thus:

> Upon suitable pretexts, our operatives managed to obtain some information regarding the supplier of the shoes bearing MCLAREN trademark from the sales person at Isetan Lot 10. Our operatives were provided with a contact name and number of the supplier. The name provided was Mr. Lim Yat Meen.

[29] All these contractual activities amounted to use and attributed to the respondent.

[30] Based on all the above findings we had unanimously dismissed the appeal with costs. All the orders of the High Court were accordingly reaffirmed and the deposit was ordered to be paid out to the respondent to account of its taxed costs.